

ANNUAL REPORT

2011 - 2012



Sunil Agro Foods Limited

**SUNIL AGRO FOODS LIMITED
TWENTY FOURTH ANNUAL GENERAL MEETING 2011-12**

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BOARD OF DIRECTORS:

Mr. B. Shantilal	Managing Director
Mr. Pramodkumar S	Executive Director
Mr. AVS Murthy	Director
Mr. Shailesh Siroya	Director
Mrs. Pinky Jain	Director

REGISTERED OFFICE & FACTORY

Plot No: 39/A2
Hosakote Industrial area,
Chokkahalli
Hoskote - 562 114

CORPORATE OFFICE

No: 1/104, Ahuja Chambers,
Kumara Krupa Road,
Bangalore - 560 001

AUDITORS

Messrs MSSV & Co.
Chartered Accountants
Bangalore

BANKERS

HDFC Bank Ltd.

SHARE TRANSFER AGENTS

Integrated Enterprises (India) Ltd
Bangalore

SUNIL AGRO FOODS LIMITED

REGD. OFFICE : PLOT NO. 39/A2, HOSAKOTE INDUSTRIAL AREA
CHOKKAHALLY, BANGALORE - 562 114

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of the Company will be held at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560 001 at 10.30 am on Monday, the 3rd day of September, 2012 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To appoint Mr. AVS Murthy, Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mrs. Pinky Jain, Director, who retires by rotation and being eligible, offers herself for reappointment.
4. To re-appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment(s) or modification(s) thereof, approval of the members be and is hereby accorded to the appointment of, and remuneration payable to, Mr. Pramodkumar S, Executive Director of the Company for a period of three (3) years with effect from 1.11.2012 to 31.10.2015 on the following terms and conditions as mentioned below:

1. Salary:

Sl. No.	Tenure	Salary per month
1.	01.11.2012 - 31.10.2015	Rs.1,25,000/-

2. Commission:

At 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 1956,

but subject to a ceiling of Rs. 1,20,000 (Rupees One Lac Twenty Thousand only).

3. Perquisites:

As detailed hereinafter restricted to an amount equal to the annual salary or Rs.3,60,000/- (Rupees Three Lakhs Sixty Thousand only) per annum, whichever is less. Unless the context otherwise requires, the perquisites are classified in three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

- i. Housing:

The expenditure incurred by the Company on providing furnished residential accommodation for the appointee shall be subject to a ceiling of 60% (sixty percent) of the appointee's salary over and above 10% (ten percent) payable by the appointee himself:

Alternatively:

In case the accommodation is provided by the Company, 10% (ten percent) of the salary of the appointee shall be deducted by the Company;

Alternatively:

In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance, subject to a ceiling of 60% (sixty percent) of salary payable to the appointee.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income-Tax Rules, 1962, as amended from time to time; however, such expenditure shall be subject to a ceiling of 10% (ten percent) of appointee's salary.

- ii. Medical Reimbursement:

Expenses incurred for the appointee and his family, subject to, a ceiling of one month's salary over a period of three years.

- iii. Leave Travel Concession:

For appointee and his family once in a year, while on leave, in accordance with the rules and regulations

applicable to Senior Managers of the Company from time to time.

iv. Personal Accident Insurance:

Premium not to exceed Rs. 4,000/- (Rupees four Thousand only) per annum,

Explanation: For the purpose of Category 'A,' "Family" means spouse, dependent children and dependent parents of the appointee.

CATEGORY 'B'

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund-These will be in accordance with the schemes applicable to senior Managers of the Company from time to time and will not be included in the computation of the ceiling of perquisites mentioned above to the extent they, either singly or put together are not taxable under the Income Tax Act, 1961 and as amended from time to time.
2. Gratuity – In accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time not exceeding half month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure in accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time; the monetary equivalent of such encashed leave shall not be included in the computation of the ceiling on perquisites referred to in paragraph(c).

CATEGORY" C"

Provision of car for use on Company's business and telephone at residence. Both these facilities will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the appointee.

OTHER BENEEFITS

'Keyman Insurance' shall be taken in the name of the Executive Director and all premium(s) in this respect to be paid by the Company.

Apart from aforesaid remuneration, the Executive Director shall be entitled to reimbursement of expenses incurred in connection with the business of the company.

The Executive Director shall not be paid any sitting fees for attending the Meetings of the Board of Directors or committees thereof.

The total remuneration including perquisites shall not exceed 5% of the profits calculated in accordance with Sections 349 & 350 of the Companies Act, 1956.

MINIMUM REMUNERATION

In the event of absence or inadequacy of profits in any Financial Year during the tenure of his appointment, the Whole time Director may be paid the substantive remuneration as stated above as the Minimum Remuneration subject to however that unless approved by the Shareholders and the Central Government, as may be necessary, the amount of salary, commission, perquisites and other allowances payable to the Whole time Director shall be subject to the limits prescribed under Part II of Schedule XIII of the Companies Act, as may be in force for the time being.

Further subject to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., with such prescribed limit or ceiling and any arrangement between the Company and Mr. Pramodkumar S without any further reference to the Company in General Meeting."

**By Order of the Board
FOR SUNIL AGRO FOODS LIMITED**

Place: Bangalore
Date: 30.07.2012

Pramodumar S
Executive Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting.
2. Listing fee has been paid to the Stock Exchange, Mumbai up to date.
3. The Company's Shares are traded in electronic form with ISIN No. INE224D01012.
4. Unclaimed dividends, if any, up to the year 2004-05 will be transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978.

5. The Shares of the Company are compulsorily traded in electronic form. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Integrated Enterprises (India) Limited, Unit: Sunil Agro Foods Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleshwaram, Bangalore 560 003, about the changes, if any, in their registered addresses, along with the PIN Code number quoting their folio number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Transfer Agents of the Company.
6. The Share Transfer Book and Register of Member will remain closed on 03.09.2012.

By Order of the Board
FOR SUNIL AGRO FOODS LIMITED

Place: Bangalore
Date: 30.07.2012.

Pramodkumar S
Executive Director

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.5:

Mr. Pramodkumar S is a Commerce Graduate. He has been associated with the Company as a Promoter for very long time. He was instrumental in the significant growth of the Company and has good amount of experience in the line of the business.

It is proposed to re appoint Mr. Pramodkumar S as Executive Director of the Company with such terms and conditions as mentioned in the aforesaid resolution.

Based on the recommendation of the Remuneration Committee and the justifications, the Board recommends the resolution for your approval.

Mr. Pramodkumar S, and Mr. B Shantilal being 'relative' may be deemed to be interested/concerned in the resolution.

This may be deemed as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Mr. Pramodkumar S as Executive Director.

By Order of the Board
FOR SUNIL AGRO FOODS LIMITED

Place: Bangalore
Date: 30.07.2012.

Pramodkumar S
Executive Director

ANNEXURE TO NOTICE

Information pertaining to Directors seeking appointment or reappointment at the 24th Annual general Meeting as required by Clause 49(IV)(G) of the Corporate Governance Guidelines.

Particulars	Mr. Alampalli Venkataramana Sanjeev Murthy	Mrs. Pinky Jain	Mr.Pramodkumar S
Date of Birth	23.06.1952	12.01.1971	15.07.1968
Date of Appointment	30.07.2002	30.07.2011	20.01.1988
Qualifications	BE (Mechanical) Bangalore University, MS (Grain Science & Industry), Kansas State University, USA, MIE Institution of Engineers, India	Graduate in Arts	Graduate in Commerce
Expertise in specific functional area	General Management	General Management	General Management
Directorships held in other Public Companies (excluding foreign companies)	Mysore Snack Foods Limited	NIL	NIL
Membership/ Chairmanships of Committees of other public companies (included only Audit and Shareholders/ Investors Grievance Committee)	NIL	NIL	NIL

By Order of the Board
FOR SUNIL AGRO FOODS LIMITED

Place: Bangalore
Date: 30.07.2012.

Pramodkumar S
Executive Director

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Fourth Annual Report and the audited statements of accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS : (Rs. in Lacs)

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
Total Revenue	7810.61	7657.25
Profit before depreciation & tax	166.45	106.90
Less: Depreciation	63.39	46.99
Profit/(Loss) before tax	103.06	59.91
Less: Provision for tax	29.73	15.17
Profit/(Loss) after Tax	73.33	44.74
Add: P & L A/c brought forward	332.65	287.91
Proposed Appropriations:-		
Dividend & Tax	-	-
Balance Carried forward	405.98	332.65

DIVIDEND :

Your Directors have decided to retain the profit to strengthen the Company's financial stability to compete with the global competition and regret the inability to recommend any dividend.

PERFORMANCE :

There is a slight increase in the revenue of the Company from Rs. 76.57 Crores to Rs. 78.10 Crores and the profit before tax has increased from Rs. 59.91 Lakhs to Rs. 103.06 Lakhs, thanks to more effective management of resources and careful purchases. Despite higher interest costs, the profit of the Company has been increased marginally. The quantity of production has been increased by 5.7% as compared to that of previous year.

Considering the needs, your Company has made investments on storage infrastructure and also undertook upgradation of facilities.

Your Company has proposed to invest into Capital Expenditures during the current year. The intent is to establish additional capacity on milling and other processing to be imported from Alapala, leading machinery manufacturer based in Turkey.

The overall project cost is expected to be around Rs. 200 Lakhs.

DIRECTORS :

Mr. AVS Murthy and Mrs. Pinky Jain, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Pramodkumar S, Executive Director of the Company, whose term will expire on 31st October, 2012 is proposed to be re-appointed as Executive Director for a period of 3 years from 1st November, 2012 to 31st October, 2015.

AUDIT COMMITTEE:

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

AUDITORS :

Messrs MSSV & Co., Chartered Accountants, retire as Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

DEPOSITS :

The Company did not accept any deposits from public during the year and there was no outstanding deposit due for payment.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

There were no employees drawing remuneration in excess of the limits prescribed under the above mentioned Section of the Act during the current year.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 :

The information as required under the above Section is given in Annexure and forms part of the Report.

CORPORATE GOVERNANCE REPORT :

Corporate Governance Report is given as an Annexure to this report and forms part of the Report.

INDUSTRIAL RELATIONS :

The relations with employees continued to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation for the excellent team spirit displayed by the employees at all levels.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors have fulfilled their responsibility for the preparation of the accompanying financial statements by taking all reasonable steps to ensure that:

These statements have been prepared in conformity with the generally accepted accounting principles and appropriate accounting standards. Judgments and estimates that are reasonable and prudent have been made wherever necessary.

The accounting policies selected and applied consistently give a true and fair view of the financial statements.

The Company has implemented internal controls to provide reasonable assurance of the reliability of its financial records, proper safeguarding and use of its assets and detection of frauds and irregularities. Such controls are based on established policies and procedures, and are implemented by trained, skilled and qualified personnel with an appropriate segregation of duties. The Company's internal auditors conduct regular internal audits, which complement the internal controls. The Company's Statutory Auditors' Messrs. MSSV & Co, Chartered Accountants, Bangalore, have audited the financial statements in accordance with the generally accepted auditing standards and practices as indicated in their report.

GOING CONCERN :

The Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS :

Your Board wishes to thank HDFC Bank Limited, for their continued support and assistance. Your Directors also wish to place on record their gratitude to the customers, distributors, dealers, vendors and investors and employees for their continued and valued support.

By order of the board
For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL** **PRAMODKUMAR S**
Date : 30-7-2012 Managing Director Executive Director

ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy Technology Absorption and Foreign Earnings/Outgo

1) Energy Conservation measures taken:

The Company has a system to monitor consumption of energy and all efforts for conservation of energy wherever possible are made and has installed Solar Energy lights in the plant. Energy efficient electric Tubes have been installed to save energy. The Company has also installed energy efficient meters controlling waste of power.

2. Additional investments and proposal being implemented for reduction and consumption of energy and the impact of the same in the cost of production of goods:

The Company's investment in machinery designed for low energy consumption made in the previous year is operational for this year.

FORM – A

Discoloure of particulars with respect to conservation of energy

	2011-12	2010-11
Power and Fuel Consumption		
i) Electricity:		
a) Purchase Unit	2923540	2930596
b) Total Amount (Rs)	16616010	15125383
c) Rate Per Unit (Rs)	5.68	5.16
ii) In own Generation:		
a) Through Diesel Generator	17535	57970
b) Units/Liter of diesel Oil	2.87	3.10
c) Cost per Unit (Rs)	14.51	12.51
iii) Consumption per ton of production	62.32	68.96
Grinding	47193.808	43327.306

3) Technology Absorption Adoption and Innovation :
The Company is committed to maintaining its standard and high quality of its production and is constantly engaged in efforts to confer to the guaranteed customer satisfaction.

4) Foreign Earning and Outgo :

(Amount in Rs.)

Sl.No	Particulars	2011-12	2010-11
1	Foreign Exchange Earnings	Nil	Nil
	Foreign Exchange Outgo towards		
	a) Royalty, Professional Consultancy Fees, Know-How etc	Nil	Nil
	b) Travel Expenses, Ticket & Visa charges	131,252/- (1950 EURO)	Rs.12,400/- (1000 AED)
		Rs. 66,569/- (1000 EURO)	Rs. 26,800/- (4000 RAND)
		Rs. 74,580/- (6 USD, 602 EURO	
	Purchase of raw materials		
	1. Import of Wheat	Nil	25,694,616 (USD 550586.65)
	2. Import of Spares	Rs. 67,216/- (1296 CHF)	Rs. 111,485/- (2355 Swiss Francs)
	c) Import of Machinery on CIF Basis	Nil	Nil
	d) Other contract negation charges	Nil	Nil

By order of the board
For SUNIL AGRO FOODS LIMITED

Place : Bangalore **B. SHANTILAL** **PRAMODKUMAR S**
Date : 30-7-2012 Managing Director Executive Director

ADDENDUM TO DIRECTORS' REPORT IN RESPECT OF QUALIFICATION MADE IN AUDITORS REPORT :

- 4.1 Accounting policy No 2.8: The temporary nature of fluctuations in the capital market is the reason for valuing the investments at cost. In view of the adequate reserves and surplus available in the books of the Company, the Board has decided that no provisions are required.
- 4.2 Accounting policy No. 2.9.1: Sufficient reserves are available in the Company.

CORPORATE GOVERNANCE REPORT

A. Company Philosophy :

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company will endeavor to improve on these aspects on the ongoing basis.

B. Board of Directors :

The Board of Directors comprises of 5 Directors out of whom 2 are Executive Directors and 3 Non - Executive Directors.

- (a) Board Meetings: During the financial year ended 31.03.2012, four Board Meetings were held on 30th May, 2011, 30th July, 2011, 27th October, 2011 and 30th January, 2012.
- (b) Compositions of Board and Attendance of Directors in the Meeting: The composition of Directors and their attendance at the Board Meeting during the year and at the last Annual General Meeting as also number of other Directorship/membership of the committees are as follows:

Name of the Directors	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Memberships
Mr. B Shantilal	Executive	4	Yes	3	1
Mr. Pramodkumar S	Executive	4	Yes	3	2
Mr. AVS Murthy	Non-Executive Independent	3	Yes	5	2
Mr. Shailesh Siroya	Non-Executive Independent	3	Yes	5	3
Mrs. Pinky Jain	Non-Executive Non Independent	2	Yes	2	-

C. Audit Committee :

The Audit Committee of the Company was constituted earlier. By the requirement of Companies Act, 1956, all companies with a paid up capital of Rs. 5 Crores and above should have an Audit Committee. Though the paid up capital of the Company is less than Rs. 5 Crores, the Audit Committee was formed to comply with the requirements of Clause 49 of the Listing Agreement.

1) Terms of Reference

- a. Overview of the Company's financial process and the disclosure of its financial information.
- b. Recommend the appointment/removal of external auditor, nature and scope of audit, fixation of audit fee and payment for any other services to external auditors.
- c. Review with the management, of the half yearly and annual financial statements before submission to the Board.
- d. Review with the management, external and internal auditors, the internal audit report and the report of external auditors.
- e. Review of the adequacy and effectiveness of Internal Audit function, the internal control system of the Company, compliance with the Company's Policies and the applicable laws and regulation.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

2) Composition

The Committee comprises 2 Non-Executive Directors and one Executive Director. Four meetings were held on 30th May, 2011, 30th July, 2011, 27th October, 2011 and 30th January, 2012 during the year and all the members of the Committee attended the same.

D. Remuneration Committee :

1) Terms of Reference

To review, assess and recommend the appointment and remuneration of executive directors and senior employees of the Company from time to time, periodically review the remuneration package of the executive directors/senior employees and recommend suitable revision to the Board.

2) Composition

The Committee comprises of 2 Non-Executive Directors and one Executive Director. No meeting of the Committee was held during the year.

3) Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary from different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, individual performance etc. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and reward merit.

4) Details of remuneration for the year 2011-2012

Amount in Rs.

Name of Director	Remuneration	Sitting Fees
Mr. B Shantilal	6,00,000/-	NIL
Mr. Pramodkumar S	12,00,000/-	NIL
Mr. AVS Murthy	NIL	8000
Mr. Shailesh Siroya	NIL	8000
Mrs. Pinky Jain	NIL	8000

E. Investors Grievances / Share Transfer Committee :

1 Terms of reference

To look into the shareholders complaints, if any, and to redress the same expeditiously. The Committee approves the request for issue of duplicate share certificates and issue of certificates after split/consolidation/renewal as also requests from transmission of shares, referred by the share transfer committee.

2. Composition

The Shareholders' Grievances Committee comprises of 2 Executive Directors. During the year the Committee had one meeting; the attendance of the members was as follows:

Name of the Director	Status	No. of meetings attended
Mr. B Shantilal	Chairman	1
Mr. Pramodkumar S	Member	1

During the year there were no complaints received from the Shareholders.

Share Transfer Committee :

Share Transfer Committee was constituted to deal with the cases like re-materialisation of shares, transfers, transmission and transposition of shares in physical mode. The said committees meet from time to time to address the requirement.

F. General Body Meetings :

The last time Annual General Meeting were held as under :

Financial Year	Date	Time	Location
2008-2009	05-09-2009	11.00 am	Regd Office Plot No. 39/A2, Hosakote Industrial Area Chokkahally Hoskote -562114
2009-2010	06-09-2010	11.00 am	Regd Office Plot No. 39/A2, Hosakote Industrial Area Chokkahally Hoskote -562114
2010-2011	05-09-2011	11.00 am	Bharatiya Vidya Bhavan, Race Course Road, Bangalore- 560001

G. Means of Communication :

- Quarterly results are published in the prominent daily newspapers.
- Necessary disclosures as per the requirement of SEBI/Listing Agreement and Corporate Laws are made within prescribed time as required.
- Management Discussion and Analysis forms part of the Annual Report.

H. General Shareholders' Information :

- 1) Annual General Meeting will be held at 10.30 am on Monday, the 3rd September, 2012 at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560 001.
- 2) Financial calendar:

Sl. No.	Particulars	Dates
1.	Annual Results of the previous year	30.05.2011
2.	First Quarter Results	30.07.2011
3.	Annual General Meeting	05.09.2011
4.	Second Quarter Results	30.10.2011
5.	Third Quarter Results	30.01.2012

- 3) Date of Book Closure for the year 2011-2012: 3rd September, 2012
4. Listing of Equity Shares on Stock Exchanges at: Mumbai (BSE)
5. Registrar and Share Transfer Agent:
Integrated Enterprises (India) Limited, No. 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore- 560 003
Phone Nos: 23460815 to 18 Fax: 23460819 Email id: afint@vsnl.net.in
- 6) Share Transfer System :
The Company's shares are traded in the Stock Exchanges compulsorily in the demat mode. Shares in physical mode which are lodged for transfer at the Investor Service Center are processed and subject to exercise of option under compulsory transfer cum demat procedures; share certificates are either dematerialized or returned within the time prescribed by the authorities.
- 7) Distribution of Shareholding as on 31.3.2012 :

Shares or Debenture holding of nominal value of	Share/Debenture Holders		Share/Debenture Amount	
	Number	% of Total	In Rs.	% of Total
Upto 5,000	1017	85.75	1465150	4.88
5,001 - 10,000	61	5.14	474980	1.58
10,001 - 20,000	52	4.38	829510	2.76
20,001 - 30,000	9	0.76	241950	0.81
30,001 - 40,000	5	0.42	179640	.060
40,001 - 50,000	10	.084	488590	1.63
50,001 - 1.00,000	11	0.93	803960	2.68
1,00,001 and above	21	1.77.	25545220	85.07
Total	1186	100.00	30029000	100.00

8) Categories of Shareholders as on 31.3.2012 :

Category	No. of Shares held	% of Shareholding
Promoters	2100676	69.95
Persons acting in concert	60500	2.01
Institutional Investors	40000	1.33
Others	801724	26.70
Total	3002900	100.00

9) Dematerialized of Shares :

Particulars	Shares	Percentage	No. of Shareholders
Physical Mode	185860	6.19	570
Electronic Mode	2817040	93.81	616
Total	3002900	100.00	1186

10) Plant Locations :

Plot No. : 39/A2, Hosakote Industrial are, Chokkahalli, Hoskote – 562 114

11) Address for correspondence :

The Company's Registered Office is situated at Plot No; 39/A2, Hosakote Industrial Area, Chokkahalli, Hosakote -562 114

Shareholders' correspondence should be addressed to Plot No; 39/A2, Hosakote Industrial Area, Chokkahalli, Hosakote -562 114

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depositories Participants (DPs).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**a) Business Overview**

The Company achieved a turnover of Rs. 7,810.61 lakhs (previous year Rs. 7,657.25 lakhs) for the financial year ended 31.3.2012 with a net profit of Rs. 73.33 lakhs (previous year Rs.44.74 lakhs). Margins continue to be under pressure due to sudden increase in wheat prices during the first half. Contract milling continues with existing customers.

b) Opportunities

The Company is looking at better value addition in new products.

c) There is no risk expected during this year.**d) Outlook**

The Company expects reasonable improvement in the sales due to the expected open sale scheme of the Government during this year.

e) Internal Control System

The Company has effective control system commensurate with its operations. The Company has internal audit system through outside agency with qualified Chartered Accountant, who carries out the audit based on a planned program. The audit also reviews the adequacy and effectiveness of the internal control system and the follow up action taken pursuant to audit observations.

f) Human Resource Development

The Company conducts regular training programme both internally and externally for employees at all levels to improve the skills and overall development. Employees relations at all the levels continue to remain cordial.

By order of the Board
For Sunil Agro Foods Limited,

Place: Bangalore
Date: 30th July, 2012

B Shantilal
Managing Director

Pramodkumar S.
Executive Director

CEO & CFO Certification

We confirm that:

1. We have reviewed the financial statements including the cash flow statement for the year and certify, to the best of our knowledge and belief that:
 - i) the statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; ii) the statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into, by the Company during the year were fraudulent, illegal or against to the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and to the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we had taken or propose to take to rectify those deficiencies.
4. i) There has not been any significant change in internal control during the year; ii) There has not been any significant change in Accounting Policies during the year requiring disclosure in the notes to the financial statements; and iii) we are not aware of any instances during the year of significant fraud, with involvement therein, of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

We further declare, in compliance with clause 49-1(D)(ii) to Listing Agreement, that all the Board members and senior management personnel have affirmed compliance with the code of conduct of the company.

Place : Bangalore
Date : 24th May, 2012

B. Shantilal
Managing Director

Pramodkumar S.
Executive Director

SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the
company(CIN):L01111KA1988PLC008861
Nominal Capital: Rs. 3,50,00,000/-
Paid up Capital: Rs. 3,00,29,000/-

To:
The Members
Sunil Agro Foods Limited
Bangalore

I have examined the registers, records, books and papers of Sunil Agro Foods Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on the 31st March, 2012. In my opinion and to the best of my information and according to examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under (beyond the time prescribed with additional fee).
3. The Company being a Public Limited Company, has the minimum prescribed paid-up capital as per the provisions of Companies Act, 1956 and the provisions of the Act do not prescribe maximum number of members for such a Public Limited Company.
4. The Board of Directors duly met 4 {Four} times from 1.4.2011 to 31.3.2012 on the following dates 30.05.2011, 30.07.2011, 27.10.2011, 30.01.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members on 05.09.2011 and necessary compliance of Section 154 of the Act had been made.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 05.09.2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts falling within the purview of Section 297 of the Act during the year.
10. During the financial year, the Company has made the required entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has issued one duplicate Share Certificate during the financial year.
13. The Company:
 - (i) has delivered all the certificates on lodgment thereof for transfers/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) has not required to transfer any funds to the Investor Education and Protection Fund.
 - (v) has duly complied with the requirement of Section 217 of the Act.
14. There was change in the composition of the Board during the year and requisite return was filed with the Ministry of Corporate Affairs.
15. The Board of Directors of the Company is duly constituted.
16. The Company has not appointed any Sole Selling Agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interests in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Shares, Debentures or other Securities during the financial year.
20. The Company has not bought back any Shares during the financial year.

21. There was no redemption of Preference Shares or Debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company's borrowings during the financial year ended 31.3.2012 were in compliance with the Act.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Section 418 of the Act relating to provisions applicable to Provident Funds of employees is not applicable to the Company.

Place: Bangalore
Date: 24th May, 2012

Vijaykrishna K T
FCS - 1788
CP - 980

ANNEXURE-A

Following were the register maintained by the Company:

- Register of Directors
- Register of Members
- Register of Disclosures of Interests
- Register of Transfers
- Register of Directors Shareholding
- Register of Contracts
- Minutes of the Meetings of the Board and Shareholders

ANNEXURE- B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2012:

Sl. No.	Form No./ Return	Field under section	For	Date of Filing	Whether filed within the Prescribed time Yes/No	if delay in filing whether requisite additional fee paid Yes/No
1.	Form 23AC & Form 23ACA	220	Annual Accounts	13.12.2011	Yes	No
2.	Form 20B	159	Annual Return	17.11.2011	No	Yes
3.	Form 66	383A	Compliance Certificate	04.10.2011	Yes	No
4.	Form 32	303(2)	Change in Directors	20.10.2011	No	Yes
5.	Form 21	-	Order of the Company Law Board	25.02.2012	Yes	No
6.	Form 8	125	Creation or Modification of Charges	Challan not available for review		
7.	Form 8	125	Creation or Modification of Charges	26.3.2012	Yes	No

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To

The Members of
SUNIL AGRO FOODS LIMITED
Bangalore

I have examined the compliance of conditions of Corporate Governance by Sunil Agro Foods Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with Bombay Stock Exchange Limited, Mumbai(BSE) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion, and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

I state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are pending against the Company as on 31st March 2012, as per the records maintained by the Company and presented to the Transfer/Shareholders' Grievances Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bangalore
Date: 24th May, 2012

Vijayakrishna K T
FCS - 1788
CP - 980

MSSV & CO.

Chartered Accountants

No. 63/2, Second Floor, Above Canara Bank,
Railway Parallel Road, Kumara Park West,
Bangalore - 560020
Ph: 23565065, 23565068, 23565073,
Telefax: 23565076 Email: mssv@vsnl.net

AUDITORS' REPORT

To,
The Members of Sunil Agro Foods Limited,

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of Sunil Agro Foods Limited which comprise the balance sheet as at March 31, 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting standards referred to in Sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

3. Auditor's Responsibility

3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

3.2 An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of financial statements.

3.3 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Qualifications

4.1 As per Accounting Policy number 2.8, the Company has valued the investments at cost. As on March 31, 2012 there is a fall in the value of investments. The Company has not made provision for fall in the value of investments to the extent of Rs.35.55 lakhs and profit is overstated to the same extent.

4.2 As per Accounting Policy Number 2.9.1, the company has to value the liability for gratuity on actuarial basis. But, during the financial year company has not made the provision for gratuity which is contrary to accounting policy and accounting standard - 15(revised) - 'Employee Benefits' which requires the liability for gratuity need to be provided on actuarial basis. The effect of non-provision for liability for gratuity on financial statements is not ascertainable since the relevant information is not readily available.

5. Opinion

Subject to the observation referred in Para 4 above, In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

6. Emphasis of Matter

We draw attention to Note No.25.13 of the financial statements regarding the fact that the balances of Sundry Creditors, Sundry Debtors, Loans and advances are subject to confirmation, reconciliation or adjustment, if any. :

7. Report on other Legal and Regulatory requirements

7.1 As required by the Companies (Auditor's Report) Order, 2003 ("the order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement of the matters specified in paragraphs 4 and 5 of the Order.

7.2 As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by

the company so far as appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For MSSV & CO.

Chartered Accountants
Firm Reg. No. 001987S

D. R. Venkatesh

Partner

Membership No. 025087

Place : Bangalore

Date : 24th May, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

1. In respect of Fixed Assets:
 - a) The company has maintained proper records showing particulars of fixed assets and has been updated.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
 - c) The company has not disposed off substantial part of fixed assets during the year and therefore do not affect the going concern assumption.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - a. As informed to us, during the year, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered under register maintained under Section 301 of the Companies Act, 1956. Hence commenting on Paragraph 3(a) to 3(d) of the said order does not arise.
 - b. During the year, company has taken loan from two parties amounting to Rs.50.25 Lakhs and repaid to the extent of Rs.80.56 Lakhs to three parties. The maximum balance outstanding at any time during the year was Rs.66.70 lakhs. The year-end balance of loans taken from such parties was Rs.19.18 Lakhs.
- c. In our opinion and according to the information and explanations given to us in respect of loans taken by the Company, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- d. In respect of loans taken by the Company the payment of principal and interest is as per the understanding with the parties.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. In respect of transactions covered under section 301 of the Companies Act, 1956;
 - a. According to the information and explanations provided by the management, we are of the opinion that the particulars of transactions made in pursuance of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs has been entered into during the financial year at a price which is reasonable having regard to prevailing market prices at the relevant time.
6. During the year, Company has not accepted any deposits from the public. Hence commenting on the compliance of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975 does not arise.
7. In our opinion, the Company has an internal audit function commensurate with the size and nature of its business.

8. To the best of our Knowledge and as explained, the central government has not prescribed maintenance of Cost Records under clause (d) subsection (1) of section 209 of the Companies Act, 1956 for the products of the company.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Service Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities though there is a delay in remittance of TDS in some cases.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, provident fund, investor education and protection fund, Employees state insurance, service tax and cess and other undisputed statutory dues were outstanding, at the year end, for the period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, cess and service tax which have not been deposited on account of any dispute.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the banks.
12. According to the information and explanations given to us and based on the records produced to us, Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore the

provisions of Paragraph 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14. The company is not dealing in or trading in shares, securities, and debentures. But company has invested the surplus funds to earn the income from investment. According to information and explanation given to us and in our opinion:
 - The company has maintained the records for transactions and contracts entered into for purchase and sale of shares and Securities.
 - Investments are in the company's own name.
15. According to information given to us and based on the records and documents produced to us, during the financial year, company has not given guarantee for loan taken by others from banks or financial institutions. Hence commenting on the prejudicial to the interest of the company does not arise.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence commenting on the prejudicial of issue price to the interest of the company does not arise.
19. During the year, the Company has not issued Debentures.
20. The Company has not raised any money by way of public issue during the year. Hence verification of the end use of the same does not arise.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the company has been noticed during the course of our audit.

For MSSV & CO.

Chartered Accountants
Firm Reg. No. 001987S

D. R. Venkatesh

Partner

Membership No. 025087

Place : Bangalore

Date : 24th May, 2012

BALANCE SHEET

PARTICULARS	Note No.	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
I. EQUITY AND LIABILITIES			
1 Shareholders Funds			
(a) Share Capital	1	3,00,29,000	3,00,29,000
(b) Reserves and Surplus	2	6,24,31,719	5,50,98,796
2 Share Application Money Pending Allotment			
3 Non-Current Liabilities			
(a) Long-term Borrowings	3	57,53,703	63,68,578
(b) Deferred tax Liabilities (Net)		56,60,760	49,24,579
(c) Other Long-term Liabilities		-	-
(d) Long-term Provisions		-	-
4 Current Liabilities			
(a) Short-term borrowings	4	10,72,03,526	8,98,07,501
(b) Trade payables	5	3,66,71,510	2,72,20,690
(c) Other Current Liabilities	6	16,57,651	7,35,419
(d) Short-term Provisions	7	29,86,000	37,96,095
TOTAL		25,23,93,869	21,79,80,658
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets			
(i) Tangible Assets	8	6,72,68,607	6,01,07,718
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		17,00,000	17,00,000
(iv) Intangible Assets under development		-	-
(b) Non-Current Investments	9	74,88,994	67,65,528
(c) Long Term Loans and Advances	10	1,15,54,570	75,00,614
(d) Other Non-Current Assets	11	1,22,23,561	1,74,12,943
2 Current Assets			
(a) Current Investments		-	-
(b) Inventories	12	8,17,79,917	5,49,54,540
(c) Trade Receivables	13	4,36,72,640	5,87,00,040
(d) Cash and Cash Equivalents	14	37,18,305	20,12,080
(e) Short Term Loans and Advances	15	1,43,23,338	50,57,253
(f) Other Current Assets	16	86,63,939	37,69,942
TOTAL		25,23,93,869	21,79,80,658

General Notes

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Significant Accounting Policies and Notes form part of the Financial Statements

This is the balance sheet referred to in our report of even date

For **MSSV & CO,**

For and on Behalf of the Board of Directors

Chartered Accountants

Firm Reg. No. 001987S

D.R. Venkatesh**B. Shantilal**
Managing Director**Pramodkumar S.**
Executive Director

Partner

Membership No. 025087

Place: Bangalore

Date : 24th May, 2012

PROFIT AND LOSS STATEMENT

PARTICULARS	Note No.	For the Year ended March 31, 2012 (Rs.)	For the Year ended March 31, 2011 (Rs.)
A. INCOME			
Revenue from Operations	17	77,68,95,202	76,28,84,925
Other Income	18	41,65,419	28,40,179
Total Revenue (A)		78,10,60,622	76,57,25,104
B. EXPENSES			
Cost of Materials Consumed	19	66,51,07,846	65,16,14,927
Other Direct Expenses	20	3,99,47,985	3,35,33,633
Purchases of Stock-in-Trade		1,68,27,734	3,24,63,775
Decrease in inventories of finished goods/ work-in-progress and Stock-in-Trade	21	-18,63,315	34,53,143
Employee Benefits Expenses	22	1,05,65,397	89,35,748
Financial Expenses	23	1,39,44,901	88,65,653
Depreciation	8	63,39,062	46,99,412
Other Expenses	24	1,98,85,207	1,61,67,151
Total Expenses (B)		77,07,54,817	75,97,33,442
C. Profit before extraordinary items, exceptional items and tax (C = A - B)		1,03,05,805	59,91,663
D. Extraordinary items and Exceptional items		-	-
E. Profit Before Tax (E = C - D)		1,03,05,805	59,91,663
F. Tax Expense:			
(1) Current Income tax		-23,03,808	-11,10,000
(2) Previous Income tax excess provision		67,108	-
(3) Deferred tax Liability		-7,36,181	-4,07,249
G. Profit / (Loss) for the period from continuing operations (G = E - F)		73,32,923	44,74,414
Profit/(loss)from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
H. Profit / (Loss) from Discontinuing operations (after tax)		-	-
I. Profit(Loss) for the Period (I = G + H)		73,32,923	44,74,414
Earnings per equity share:			
(1) Basic		2.44	1.49
(2) Diluted		2.44	1.49

General Notes 25
 Significant Accounting Policies and Notes form part of the Financial Statements

This is the Profit and Loss Account referred to in our report of even date

For MSSV & CO,
 Chartered Accountants
 Firm Reg. No. 001987S

For and on Behalf of the Board of Directors

D.R. Venkatesh
 Partner
 Membership No. 025087

B. Shantilal
 Managing Director

Pramodkumar S.
 Executive Director

Place: Bangalore
Date : 24h May, 2012

CASH FLOW STATEMENT

PARTICULARS	For the Year ended March 31, 2012		For the Year ended March 31, 2011	
A. Cash from Operating Activities				
Net profit before tax		1,03,05,805		59,91,662
Adjustments for:				
Depreciation	63,39,062		46,99,412	
Interest Expenses	1,39,44,901		88,65,653	
Loss/(Profit) on Sale of Assets	-1,42,511		1,33,207	
Loss on sale of Car	2,01,845		-	
Loss on Sale of Securities	-		53,582	
Interest Received on FD/ Other deposits	-2,39,097		-2,51,293	
Rental Income	-82,500		-	
Dividend Received	-1,875		-4,251	
		2,00,19,825		1,34,96,310
		3,03,25,630		1,94,87,972
Operating Profit before Working Capital Changes				
Adjustments for:				
(Increase) / decrease in Sundry Debtors	1,50,27,400		-89,58,425	
(Increase) / decrease in Inventory	-2,68,25,377		2,42,80,437	
(Increase) / decrease in Loans and advances & Other Current Assets	-1,24,01,977		-68,40,809	
Increase / (decrease) in Current Liabilities, Trade payables & Provisions	84,37,303	-1,57,62,650	-88,27,523	-3,46,321
Cash Flow from Operating Activities		1,45,62,979		1,91,41,651
Tax Expenses	-17,33,724		-7,94,262	
Interest (Paid)	-1,39,44,901	-1,56,78,625	-88,65,653	-96,59,915
Net Cash Flow (used in) Operations		-11,15,646		94,81,736
B. Cash Flows from Investing Activities				
Purchase of Fixed Assets and Change in Capital Work in Progress	-1,39,39,822		-93,53,625	
Sale Proceeds of Fixed Assets	3,80,536		-	
Sale / (Purchase) of Investments - net (Non Trade)	-7,23,466		2,52,367	
Maturity / (Investment) in Fixed Deposits	-5,56,194		9,14,696	
Interest on Fixed / Other Deposits Received	2,39,097		2,51,293	
Rental Income	82,500		-	
Dividend Received	1,875		4,251	
Net Cash Flow from Investing Activity		-1,45,15,474		-79,31,018
C. Cash Flows from Financing Activities				
Proceeds / (Repayment) from borrowing	1,67,81,150		-27,19,460	
Net Cash Flow from Financing Activities		1,67,81,150		-27,19,460
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		11,50,030		-11,68,742
Cash & Cash equivalents at the beginning of the year		15,24,947		26,93,689
Cash & Cash equivalents at the end of the year		26,74,977		15,24,947

General Notes

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Significant Accounting Policies and Notes form part of the Financial Statements

This is the Cash Flow Statement referred to in our report of even date

For MSSV & CO,
Chartered Accountants
Firm Reg. No. 001987S

For and on Behalf of the Board of Directors

D.R. Venkatesh
Partner
Membership No. 025087

B. Shantilal
Managing Director

Pramodkumar S.
Executive Director

Place: Bangalore
Date : 24th May, 2012

Particulars	As at March 31, 2012		As at March 31, 2011	
	in numbers	Rs	in numbers	Rs
NOTE - 1				
NOTE: 1A:				
SHAREHOLDERS FUND				
SHARE CAPITAL				
Authorised				
Equity Shares of Rs.10/- each	35,00,000	3,50,00,000	35,00,000	3,50,00,000
Issued				
Equity Shares of Rs.10/- each	30,02,900	3,00,29,000	30,02,900	3,00,29,000
Subscribed & Paid-up				
Equity Shares of Rs.10/- each fully paid	30,02,900	3,00,29,000	30,02,900	3,00,29,000
Total	30,02,900	3,00,29,000	30,02,900	3,00,29,000

Note: 1B

Particulars	Equity Shares		Preference Shares	
	in numbers	Rs	in numbers	Rs
Shares outstanding at the beginning of the year	30,02,900	3,00,29,000	-	-
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	30,02,900	3,00,29,000	-	-

Note: 1C

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	Shares held (Nos)	% of Holding	Shares held (Nos)	% of Holding
Kamala Bai	2,88,300	9.60%	2,88,300	9.60%
Pramod Kumar S	14,53,442	48.40%	14,30,742	47.65%
Sunil S Jain	2,59,334	8.64%	2,59,334	8.64%

Particulars	As at March 31, 2012	As at March 31, 2011
	(Rs.)	(Rs.)

NOTE - 2

RESERVES & SURPLUS

a. Securities Premium Account

Opening Balance	2,18,33,200	2,18,33,200
Add: Additions during the year	-	-
Less: Utilized during the year	-	-
Closing Balance	2,18,33,200	2,18,33,200

b. Surplus in the Statement of Profit and Loss Account

Opening balance	3,32,65,596	2,87,91,182
Add: Profit for the year	73,32,923	44,74,414
Less: Utilized during the year	-	-
Closing Balance	4,05,98,519	3,32,65,596
Total	6,24,31,719	5,50,98,796

NOTE - 3

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
NON-CURRENT LIABILITIES		
LONG TERM BORROWINGS		
Secured		
(a) Term Loans		
- From Banks		
Term Loan	2,21,439	9,88,592
Vehicle Loan (Secured by Hypothecation of Skoda Fabia Car and Volkswagen Vento Car)	3,49,028	2,08,999
- From Others	5,74,080	-
(Secured by Hypothecation of Tata Trucks)		
	11,44,547	11,97,591
In case of continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	None	None
2. Amount	Nil	Nil
Unsecured		
(a) Loans and advances from related parties		
- Directors	19,18,557	41,30,388
- Shareholders (Terms of payment: Repayment of loan is on demand)	26,90,599	10,40,599
	46,09,156	51,70,987
In case of continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	None	None
2. Amount	Nil	Nil
Total	57,53,703	63,68,578

NOTE - 4

SHORT TERM BORROWINGS**Secured****(a) Loans repayable on demand**

- from banks		
Overdraft (Secured by Hypothecation of Wheat & Wheat Products, Packing Material, Book Debts & also personnel guarantee of some of the directors)	10,56,08,968	8,89,16,185
(i) Term Loan	7,50,634	6,70,156
(ii) Vehicle Loan (Secured by Hypothecation of Skoda Fabia Car and Volkswagen Vento Car)	3,72,460	1,62,535
- from others		
(i) Vehicle Loan (Secured By Hypothecation of Tata Trucks)	4,71,464	58,625
	10,72,03,526	8,98,07,501
In case of continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	None	None
2. Amount	Nil	Nil
Total	10,72,03,526	8,98,07,501

NOTE - 5

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
TRADE PAYABLES		
Sundry Creditors		
- Interstate Purchase	3,06,54,577	2,21,51,590
- Local Purchase	-	20,768
- Packaging Material	6,00,519	7,44,161
- Others	53,30,352	42,57,359
- Other Interstate	86,063	46,812
Total	3,66,71,510	2,72,20,690

NOTE - 6

OTHER CURRENT LIABILITIES		
(a) Interest accrued and due on borrowings	6,52,049	-
(b) Interest accrued but not due on borrowings	14,398	-
(c) Other payables		
Statutory Payables	5,99,493	3,72,613
Advance Received from Customers	1,10,710	1,46,806
Rent Advance	2,75,000	2,00,000
Others	6,000	16,000
Total	16,57,651	7,35,419

NOTE - 7

SHORT TERM PROVISIONS		
(a) Provision for employee benefits Gratuity (Funded)	6,70,357	6,70,357
(b) Others Provision for Income Tax	23,15,643	31,25,738
Total	29,86,000	37,96,095

NOTE - 8

FIXED ASSETS

SL NO	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		AS ON 01.04.2011	Addition	Deletion	Deletion of completed Assets	AS ON 31.03.2012	Upto 31-03-2011	For the Year	Adjust- ment for Deletions	Deletion of completed Assets	UPTO 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
1	Land	70,08,261	-	-	-	70,08,261	-	-	-	-	-	70,08,261	70,08,261
2	Building - Factory	3,49,29,899	20,36,827	-	-	3,69,66,726	1,05,19,842	11,54,010	-	-	1,16,73,852	2,52,92,874	2,44,10,057
3	Building - Office	13,75,010	-	-	-	13,75,010	2,52,287	45,925	-	-	2,98,212	10,76,798	11,22,723
4	Plant & Machinery	6,64,88,328	77,76,465	-	2,36,37,422	5,06,27,371	4,61,74,927	37,94,350	-	2,36,37,422	2,63,31,855	2,42,95,516	2,03,13,401
5	Vehicles	41,01,263	9,76,194	6,43,106	-	44,34,351	13,05,881	4,62,199	2,75,011	-	14,93,069	29,41,282	27,95,382
6	Transportation Vehicle	39,11,805	21,12,506	4,66,500	-	55,57,811	22,39,024	4,03,410	3,94,725	-	22,47,709	33,10,102	16,72,781
7	Furniture & Fixtures	28,81,216	1,38,324	-	11,90,141	18,29,399	17,07,554	1,71,315	-	11,90,141	6,88,728	11,40,671	11,73,662
8	Computer	18,08,076	65,520	-	13,63,388	5,10,208	13,28,496	1,71,837	-	13,63,388	1,36,945	3,73,263	4,79,580
9	Office Equipments	12,85,814	3,98,821	-	5,08,545	11,76,090	4,66,154	1,00,329	-	5,08,545	57,938	11,18,152	8,19,660
10	Lab Equipment	3,65,641	4,35,165	-	60,347	7,40,459	1,03,932	35,685	-	60,347	79,270	6,61,189	2,61,709
11	Other Items	50,500	-	-	-	50,500	-	-	-	-	-	50,500	50,500
	TOTAL	12,42,05,813	1,39,39,822	11,09,606	2,67,59,843	11,02,76,186	6,40,98,097	63,39,062	6,69,736	2,67,59,843	4,30,07,580	6,72,68,607	6,01,07,716

NOTE - 9

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
NON-CURRENT INVESTMENTS		
A. Trade Investments (Refer A below)		
(a) Investment in Equity instruments	-	-
Total (A)	-	-
B. Other Investments (Refer Note 9(a))		
(a) Investment Properties	35,68,775	28,45,309
(b) Investment in Equity instruments	38,09,709	38,09,709
(c) Investment in Government or Trust Securities	1,400	1,400
(d) Investment in Debentures or Bonds	-	-
(e) Investment in Mutual Funds	1,00,000	1,00,000
(f) Investment in Gold	1,00,831	1,00,831
Total (B)	75,80,715	68,57,249
Grand Total (A + B)	75,80,715	68,57,249
Less : Provision for diminution in the value of Investments	91,721	91,721
Total	74,88,994	67,65,528
9(a) INVESTMENT OF EQUITY INSTRUMENTS DETAILS		
Aggregate amount of quoted investments Market value of Rs.6,50,675/- (Previous Year Rs.7,11,816/-)	27,85,102	27,85,102
Aggregate amount of unquoted investments	9,30,743	9,30,743

NOTE - 10

LONG TERM LOANS AND ADVANCES

a. Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	39,46,292	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
Sub-total (a)	39,46,292	-
b. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	36,53,600	35,45,936
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
Sub-total (b)	36,53,600	35,45,936
c. Loans and advances to related parties (Refer Note 10(a))		
Secured, considered good	-	-
Unsecured, considered good	28,80,977	28,80,977
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
Sub-total (c)	28,80,977	28,80,977
d. Other loans and advances (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	10,73,701	10,73,701
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
Sub-total (d)	10,73,701	10,73,701
TOTAL (a+b+c+d)	1,15,54,570	75,00,614
10(a) LOANS AND ADVANCES TO RELATED PARTIES		
Directors	-	-
Firm in which director is a partner	-	-
Private Company in which director is a member	28,80,977	28,80,977
TOTAL	28,80,977	28,80,977

NOTE - 11

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
OTHER NON-CURRENT ASSETS		
Other Advances	15,78,125	9,74,697
Receivable from Suppliers	<u>1,06,45,436</u>	<u>1,64,38,246</u>
Total	<u>1,22,23,561</u>	<u>1,74,12,943</u>

NOTE - 12

CURRENT ASSETS

INVENTORIES

CLOSING STOCK:

a. Finished Goods	1,18,50,622	99,87,307
b. Raw Material	6,17,72,783	3,84,54,737
c. Stores and Consumables	13,13,550	6,43,180
d. Packing Material	<u>68,42,962</u>	<u>58,69,316</u>
Total	<u>8,17,79,917</u>	<u>5,49,54,540</u>

NOTE - 13

TRADE RECEIVABLES

Trade receivables outstanding for a period less than six months from the date they are due for payment

Secured, considered good	-	-
Unsecured, considered good	3,63,46,502	5,24,02,555
Unsecured, considered doubtful	-	-
	<u>3,63,46,502</u>	<u>5,24,02,555</u>
Less: Provision for doubtful debts	-	-
Sub-total (A)	<u>3,63,46,502</u>	<u>5,24,02,555</u>

Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Secured, considered good	-	-
Unsecured, considered good	73,26,138	62,97,485
Unsecured, considered doubtful	-	-
	<u>73,26,138</u>	<u>62,97,485</u>
Less: Provision for doubtful debts	-	-
Sub-total (B)	<u>73,26,138</u>	<u>62,97,485</u>
Total (A+B)	<u>4,36,72,640</u>	<u>5,87,00,040</u>

NOTE - 14

CASH AND CASH EQUIVALENTS

a. Balances with banks		
In Current Accounts	4,44,469	1,84,885
Fixed deposit for securing the Bank Guarantees	5,36,342	4,87,134
Bank deposits with more than 12 months maturity	5,06,986	-
b. Cheques, drafts on hand	-	-
c. Cash on hand*	<u>22,30,508</u>	<u>13,40,061</u>
Total	<u>37,18,305</u>	<u>20,12,080</u>

NOTE - 15

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
SHORT TERM LOANS AND ADVANCES		
a. Loans and advances to related parties (Refer Note 15(a))		
Secured, considered good	-	-
Unsecured, considered good - advance for purchase of wheat	1,01,52,140	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<u>1,01,52,140</u>	<u>-</u>
b. Others (specify nature)		
Secured, considered good		
Unsecured, considered good		
Advance Tax	10,00,000	26,00,000
Income Tax Refund Receivable	18,08,766	-
Tax Deducted at Source - Receivable	3,99,701	19,83,291
Salary Advance	9,62,731	4,73,962
Doubtful	-	-
Less: Provision	-	-
	<u>41,71,198</u>	<u>50,57,253</u>
Total	1,43,23,338	50,57,253
15(a) LOANS AND ADVANCES TO RELATED PARTIES		
Directors	1,01,52,140	-
Firm in which director is a partner	-	-
Private Company in which director is a member	-	-
Total	1,01,52,140	-

NOTE - 16

OTHER CURRENT ASSETS		
Interest Receivable	1,78,000	1,75,600
Others	1,22,593	-
Prepaid Expenses	2,16,425	2,657
Receivables from Suppliers	81,46,921	34,65,523
Insurance Claim	-	1,26,162
Total	86,63,939	37,69,942

NOTE - 17

Particulars	For the Year Ended March 31, 2012 (Rs.)	For the Year Ended March 31, 2011 (Rs.)
REVENUE FROM OPERATIONS		
Sale of products	76,13,42,549	74,89,87,373
Other operating revenues	-	-
Sale of services	1,55,52,653	1,38,97,552
Less:		
Excise duty	-	-
Total	77,68,95,202	76,28,84,925

NOTE - 18

OTHER INCOME		
Interest Income	2,39,097	2,51,293
Dividend Income	1,875	4,251
Rental Income	7,29,690	4,77,622
Other non-operating income (net of expenses directly attributable to such income)	31,94,757	21,07,013
Total	41,65,419	28,40,179

NOTE - 19

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	QTY (in MT)	Rs	QTY (in MT)	Rs
COST OF MATERIAL CONSUMED				
Opening Stock				
Wheat				
- Indigenous	2,564.137	3,84,54,737	4,036.376	5,97,38,365
- Imported				
Packing Material		58,69,316		55,27,475
TOTAL OPENING STOCK (A)	2,564.137	4,43,24,053	4,036.376	6,52,65,840
Purchase				
Wheat	49,845.079	68,97,10,388	44,438.712	64,41,27,487
Packing Material		1,12,83,621		93,02,492
TOTAL PURCHASE (B)	49,845.079	70,09,94,010	44,438.712	65,34,29,979
Less: Cost of Wheat Sold - (C)	865.212	1,15,94,472	1,716.914	2,27,56,839
Closing Stock				
Wheat				
- Indigenous	4,348.251	6,17,72,783	2,564.137	3,84,54,737
- Imported				
Packing Material		68,42,962		58,69,316
TOTAL CLOSING STOCK (D)	4,348.251	6,86,15,745	2,564.137	4,43,24,053
Raw Material Consumed (A+B-C-D)	47,195.753	66,51,07,846	44,194.037	65,16,14,927

NOTE - 20

Particulars	For the Year Ended March 31, 2012 (Rs.)	For the Year Ended March 31, 2011 (Rs.)
OTHER DIRECT EXPENSES		
Consumption of Stores & Spares	17,31,908	6,70,836
Custom Milling Charges	1,86,40,743	1,25,08,621
Power & Fuel Charges	1,68,38,732	1,60,20,176
Other Direct Expenses	-	38,043
Laboratory Expenses	1,58,902	8,99,970
Repairs & Maintenance		
Buildings	3,13,455	2,03,358
Plant & Machinery	13,83,733	25,11,763
Others	6,26,933	4,62,780
Insurance	2,53,579	2,18,086
Total	3,99,47,985	3,35,33,633

NOTE - 21

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	QTY (in MT)	Rs	QTY (in MT)	Rs
CHANGES IN INVENTORIES OF FINISHED GOODS/ WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Opening Stock				
Finished Goods				
Maida	345.840	63,47,912	481.750	81,00,482
Sooji	76.589	15,46,219	123.204	21,47,907
Atta	62.603	10,40,609	140.788	23,01,608
Bran Rough	18.316	9,33,588	34.933	4,11,214
Bran Flakes	15.802	1,18,979	25.764	4,79,239
Total	519.150	99,87,307	806.439	1,34,40,450
Less : Closing Stock				
Finished Goods				
Maida	378.690	62,72,188	345.840	63,47,912
Sooji	154.746	29,63,981	76.589	15,46,219
Atta	48.563	7,37,450	62.603	10,40,609
Bran Rough	92.685	9,93,349	18.316	9,33,588
Bran Flakes	25.058	8,83,654	15.802	1,18,979
Total	699.742	1,18,50,622	519.150	99,87,307
Decrease / (Increase) in Stock	(180.59)	(1863315)	287.29	34,53,143.00

NOTE - 22

	For the Year Ended March 31, 2012 (Rs.)	For the Year Ended March 31, 2011 (Rs.)
EMPLOYEE BENEFITS EXPENSES		
(a) Salaries and Wages		
Salaries	17,45,840	15,52,509
Wages	34,36,086	30,77,783
Directors remuneration	18,00,000	15,37,500
(b) Contributions to -		
(i) Provident fund	5,15,545	5,04,323
(ii) Employee State Insurance	2,25,060	1,81,363
(c) Gratuity fund contributions	1,00,000	
(d) Staff welfare expenses	21,80,746	14,02,362
(e) Other Benefits - Bonus & leave encashment	5,62,120	6,79,908
Total	1,05,65,397	89,35,748

NOTE - 23

FINANCIAL EXPENSES		
Interest	1,39,44,901	88,65,653
Other borrowing costs	-	-
Applicable net gain/loss on foreign currency transactions and translation	-	-
Total	1,39,44,901	88,65,653

NOTE - 24

OTHER EXPENSES		
Directors Expenses		
Entertainment Expenses	8,42,179	7,08,362
Foreign Tour Expenses	5,50,382	1,52,102
Travelling Expenses	4,01,828	1,87,567
Welfare	1,80,843	1,78,066
Sitting Fees	30,000	12,000
Net Gain/Loss on sale of investments	-	53,582
Administrative Expenses		
Advertisement & Business Promotion	1,81,725	2,29,900
Amount No Longer Receivable	11,07,390	10,21,139
Audit Fees		
- Statutory Audit (excluding service tax)	85,000	85,000
- Taxation matters & other Certification matter	1,22,915	99,753
- Reimbursement of expenses	14,700	15,680
Internal audit fee	74,537	84,216
Bank Charges	3,27,193	18,80,565
Brokerage & Commission	6,10,653	1,28,079
Carriage Outwards	35,83,739	25,06,847
Discount	24,51,674	21,55,249
Loss on Sale of Car	2,01,845	1,33,207
Forex Loss	-	1,01,849
Membership & Subscription	20,653	95,514
Miscellaneous Expenses	19,04,026	5,53,511
Postage & Telephone	4,41,977	4,85,101
Printing and Stationery	3,86,813	2,66,654
Vehicle Maintenance	14,76,710	6,62,691
Truck Maintenance	38,06,887	37,65,198
Professional & Consultancy	4,04,600	1,96,689
Rates and Taxes	4,66,207	1,97,898
Rent	2,10,732	2,10,732
Total	1,98,85,207	1,61,67,151

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**1. CORPORATE INFORMATION**

The company was incorporated on January 20th, 1998, having its registered office at Plot No. 39-A2, Industrial Area, Chokkahalli, Hosakote - 562114 and corporate office at - 1/104, Ahuja Chambers, Kumara Krupa Road, Bangalore - 560 001. The company is primarily engaged in the business of Manufacturers of Wheat Products and Dealers in Wheat & Wheat Products.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 BASIS FOR PREPARATION OF FINANCIAL STATEMENT:**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"), relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

The financial statements have been prepared under historical cost convention on an accruals basis. The accounting policies have been consistently applied by the company and are consistent with those used during the previous year. The presentation of financial statement in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management best knowledge of current events and actions the company may undertake in future, actual results ultimately may differ from the estimates.

2.2 INVENTORY VALUATION:

Raw Materials, Finished Products, Packing Materials, Stores and Spares are stated at lower of cost or net realizable value.

2.3 CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby net profit (loss) before tax is adjusted for the effective transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, investing and financing activities of the group are segregated.

2.4 DEPRECIATION:

Depreciation on Fixed Assets is provided on straight-line basis at the rates mentioned in Schedule XIV of the companies Act, 1956, on proportionate basis.

2.5 REVENUE RECOGNITION:

- Sales are recognized when the significant risk attached to the goods are passed on to the seller and are recorded net of trade discounts, rebates but includes Sales Tax wherever applicable.
- Dividend income is recognized when the right to receive the dividend is established.
- Interest income is recognized on an accrual basis.
- Rental income on leased property is recognized on accrual basis, based on the terms and conditions agreed with the lessee.

2.6 FIXED ASSETS:

- Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation.
- Interest on term loan taken for acquisition of assets is capitalized upto the date of asset being ready for use.
- Capital work in progress comprises of the cost of Fixed Assets that are not put to use as at the Balance Sheet date and advance paid towards acquisition of Fixed Assets.

2.7 FOREIGN CURRENCY TRANSACTION:

- Initial recognition – Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- Conversion – Foreign currency monetary items are reported using the closing rate. Non monetary items, which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
- Exchange Differences – Exchange differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

2.8 INVESTMENTS:

Long Term Investments are valued at their acquisition cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in the opinion of the management.

2.9 EMPLOYEE BENEFITS:**2.9.1 Gratuity:**

The company has taken Group Gratuity Scheme for its eligible employees from Life Insurance Corporation of India, for the gratuity liability. Liability for Gratuity is provided on Actuarial basis.

2.9.2 Leave Encashment:

Leave Encashment Liability of eligible employees is accounted on accrual basis.

2.9.3 Provident Fund:

Company's contribution to provident fund is charged to Profit & Loss Account and the same is remitted to provident fund Commissioner along with the employee contribution.

2.10 BORROWING COST:

Borrowing cost that are specifically attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.11 SEGMENT REPORTING:

The companies operations predominantly relate to trading in wheat and manufacturing & trading in wheat products. The company has business segment as primary segment & geographical segment as secondary segment. Income and direct expenses in relation to segments is categorized bases on item that are individually identifiable to that segment and based on their relationship to the operating activity of that segment. Certain expenses such as depreciation, financial charges which form part of a segment component of total expense, are not specifically allocable to specific segment on a reasonable basis, have been included under unallocated corporate expenses.

Geographical revenues are segregated based on the location of the customer who is invoiced are in relation to which revenue is otherwise recognized.

2.12 ACCOUNTING OF LEASE:

Leases where the lessor effectively retains the substantially all risks and benefits of the ownership over the lease term are classified as operating lease. Operating

lease payments are recognized as expenses in the profit and loss account on the straight-line basis over the lease term.

2.13 INCOME TAX:

- Tax expenses comprises of current, deferred and fringe benefit tax. Current tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax act, 1961.
- Deferred income taxes reflect the impact of current year timing differences between the taxable income and accounting income for the year and reversal of timing differences of earlier years, based on the tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized. If the company has carry forward of unobserved depreciation and tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax asset can be realized.

2.14 PROVISIONS:

Provision is recognized when the company has a present obligation as a result of past events: it is probable that the outflow of resources will be required to settle this obligation, in respect of which reliable estimate can be made. The provision is not discounted at present value and are determined based on the best estimate is required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.15 CONTINGENT LIABILITIES:

All known liabilities wherever material are provided for. Liabilities that are material, whose future outcome cannot be ascertained with reasonable certainty are contingent and disclosed by way of notes to accounts.

GENERAL NOTES

1. Immovable Properties

- a During the earlier years the company constructed the factory on free hold land measuring 6693 sq meters at No.39 - A2, Hoskote Industrial Area, Chokkahally, Hoskote - 562 114.
- b During the year 2000 - 2001, the company purchased 4745 sq meters at Plot No.8D, Kadugodi Industrial area, Krishna raja puram taluk, Bangalore south district.
- c During the year 2000 - 2001, the company purchased the plot at No.4C, Hoskote, Bangalore rural district measuring 8071 Sq meters together with building and structure for Rs.27,00,000/- from Karnataka State Financial Corporation.
- d In the earlier years the company purchased vacant sites at No.38 & 39 to the extent of 3729 Sq Feet at Chokkahalli Kasaba, Hoskote, Bangalore Rural District for Rs.1,06,970/- and has constructed a residential building.
- e During the year 2004 - 2005, the company has purchased land at Mavalli Village Sy No.535, Marasur Village, Kasaba Hobli, Anekal Taluk, Bangalore District measuring 2620 Sq feet for Rs.4,22,025/-.

2. Investment in Immovable Properties:

- a In the earlier years, the company purchased and took possession of 830 Sq Feet of residential flat at WH 204, II floor, Dharma Block, Sai Gardens, Whitefield, Bangalore and disclosed it as investments in immovable property as the company is not intended to be occupied substantially for use by to in the operations of the company.
- b In the Financial Year 2008 - 2009, the company purchased residential flat at WH 201, II floor, Dharma Block, Sai Gardens, Whitefield, Bangalore and disclosed it as investments in immovable property as the company is not intended to be occupied substantially for use by to in the operations of the company.
- c During the year 2011-12, the company has purchased land at Survey No. 92/4, 93/3, 93/4, 93/5, Chollappanahalli Village, Kasaba Hobli, Hoskote Taluk, Bangalore District measuring 2393 Sq Feet for Rs.7,23,466/- and disclosed it as investments in immovable property as the company is not intended to be occupied substantially for use by to in the operations of the company.

3. Foreign exchange outgo and realisation

Particulars	For the financial year	
	2011 - 2012	2010 - 2011
Earning in foreign Exchange - Export Sales	NIL	NIL
Expenditure in foreign currency during the financial year on account of		
a. Royalty, Professional Consultancy Fees, Know-How etc	NIL	NIL
b. Traveling expenses	1,31,252	12,400
	(1950 EURO)	(1000 AED)
	66,569	26,800
	(1000 EURO)	(4000 RAND)
	74,580	
	(6 USD, 602 EURO & 399 AED)	
Import of Wheat	-	2,56,94,616
		(550586.65 USD)
Import of spares	67,216	1,11,485
	(1296 CHF)	(2355 Swiss Francs)
c. Value of Import of Machinery on CIF Basis	NIL	NIL
d. Other contract negation charges	NIL	NIL

4. Value of Raw materials, Spare parts and Components consumed during the year

Particulars	For the year ended		For the year ended	
	31 March, 2012		31 March, 2011	
	%	Value	%	Value
Raw Materials				
- Imported	-	-	1.51	67,03,002
Indigenous	100.00	64,26,54,276	98.49	63,29,51,274
Spare Parts and Components				
- Imported	3.88	67,216	21.52	1,44,336
Indigenous	96.12	16,64,692	78.48	5,26,500

5 Segment Reporting

As per Accounting Standard - 17 "Segment Reporting" issued by Institute of Chartered Accountants of India, the company should report information based on Business Segment and Geographical Segment. It is the perception of the management that there is only one segment and it is viewed as a whole. However information is disclosed to the extent possible.

A) Business Segment:

Particulars	Trading in wheat (Rs.)		Manufacturing and Trading trading in wheat products (Rs.)		Total (Rs.)	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segment Revenue	1,17,87,236	2,51,85,597	76,51,07,967	72,38,01,776	77,68,95,202	74,89,87,373
Segment Results	1,92,764	24,28,758	4,69,07,041	2,46,22,229	4,70,99,805	2,70,50,987
Add: Unallocated Income					41,65,419	1,68,39,580
Less: Unallowable Corporate Expenses					5,12,65,224	4,38,90,567
Admin, Selling and Distribution Expense					2,70,14,518	2,00,42,703
Financial Charges					1,39,44,901	1,07,46,218
Profit before taxation					1,03,05,805	1,31,01,646
Provision for taxation						
Current Tax					-23,03,808	-11,10,000
Previous Year Tax					67,108	
Deferred Tax					-7,36,181	-4,07,249
Profit after Tax					73,32,923	1,15,84,397

Particulars	Trading in wheat (Rs.)		Manufacturing and trading in wheat products (Rs.)		Total (Rs.)	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segment Assets						
Fixed Assets			6,72,68,607	6,01,07,716	6,72,68,607	6,01,07,716
Capital Work-in Progress			17,00,000	17,00,000	17,00,000	17,00,000
Inventory			8,17,79,917	5,49,54,540	8,17,79,917	5,49,54,540
Cash & Bank Balances			37,18,305	20,12,081	37,18,305	20,12,081
Segment Liabilities						
Short Term Borrowings			10,72,03,526	8,98,07,501	10,72,03,526	8,98,07,501
Long Term Borrowings			57,53,703	63,68,578	57,53,703	63,68,578
Unallocated Segment Assets						
Investments					74,88,994	67,65,528
Debtors					4,36,72,640	5,87,00,040
Loans and Advances					4,67,65,407	3,37,40,752
Unallocated Segment Liabilities						
Current Liabilities & Provisions					4,13,15,161	3,17,52,204

Note: a) Income and expenditure not allocable on any business segment directly have been classified as Unallocated.
b) It is perception of the management that unallocated assets and liabilities are those which are not possible to be appropriately identified to any particular business segment, in view of the interchangeability between segments.

B) Geographic Segment (Based on location of customer)

Particulars	Karnataka		Others		Total	
	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.	Current Yr.	Previous Yr.
Segment Revenue	64,97,16,593	63,22,79,588	12,71,78,610	11,67,07,782	77,68,95,202	74,89,87,370
Unallocated Revenue					41,65,419	1,68,39,580
Total Revenue	64,97,16,593	63,22,79,588	12,71,78,610	11,67,07,782	78,10,60,622	76,58,26,950
Segment Assets	3,77,55,116	4,29,50,408	59,17,523	1,57,49,632	4,36,72,640	5,87,00,040
Unallocated Assets					20,87,21,229	15,92,80,615
Total Assets					25,23,93,869	21,79,80,656

6 Related party disclosure

As required under "Accounting Standard - 18", issued by Institute of Chartered Accountants of India, the Company has disclosed the transaction with related parties effected during the financial year 2011 - 2012.

a Disclosure of related parties and nature of relationship

Name of the Party	Type	Nature of Relationship
Sri. B Shanthilal	Individual	Managing Director
Sri. Pramod Kumar S	Individual	Executive Director
Sri. AVS Murthy	Individual	Director
Smt. Pinky Jain	Individual	Director
Sri. Shailesh Siroya	Individual	Director
Smt. Kamala Bai	Individual	Spouse of MD
Brindavan Roller Flour Mills Private Limited	Company	Enterprises over which individual/s indirectly owning an interest in the company, exercise the significant influence or control
Sryshti Pharmaceuticals Private Limited	Company	
Mysore Vegetable Oil Products Limited	Company	
Mysore Snacks Foods Limited	Company	
Alampalli Investments Private Limited	Company	
Krishna Industries Private Limited	Company	
Bal Pharma Limited	Company	
Belgaum Roller Flour Mills Private Limited	Company	
Puskar Investments Private Limited	Company	
Brindavan Softland Private Limited	Company	
Sunil AG	Partnership firm	

b The following transactions were carried out with the related parties in the ordinary course of business:

Description	with Key Managerial Personnel (KMP) & Their Relatives		Enterprises over which KMP is able to exercise significant influence	
	For the year ending			
	2012	2011	2012	2011
Deposit Received	50,25,000	36,24,827	-	-
Deposit Repaid	80,56,358	54,04,700	-	-
Interest on Deposit Paid	5,73,348	8,98,508	-	-
Purchase of Wheat & Wheat Products	-	-	-	87,52,702
Sale of Wheat & Wheat Products	-	-	-	1,41,150
Advance given for purchase of Wheat	-	-	1,51,52,140	-
Customer Milling Charges paid	-	-	1,86,40,743	1,25,08,621

c Managerial Remuneration:

Remuneration paid / payable to Managerial Personnel

Name of the Managerial person	Relationship	(Amount In Rs)	
		For the year ended March 31, 2012	For the year ended March 31, 2011
Mr. B Shantilal	Managing Director*	6,50,000	5,41,666
Mr. Pramod Kumar Jain	Executive Director*	13,00,000	10,29,167
Mr. Sunil S Jain	Director		94,792
Mr. Pinky Jain	Director		-
Contribution to Provident Fund for all the directors		2,16,000	1,83,000
Total		21,66,000	18,48,625

Note: * Remuneration includes bonus of Rs. 150000 provided (Financial year 2010 - 2011 Rs.128125/-).
Remuneration does not include the gratuity premium paid to LIC

7 Obligation on Long term, non-cancelable Operating Lease:

a. As Lessor

The company has entered into non-cancelable operating lease with Bharti Airtel Limited for letting the terrace space of the factory building for erecting the mobile tower. The brief description of the agreement is as follows:

- Lease agreement entered on July 1, 1996 was expired on June 30, 2006.
- The above agreement is renewed for another ten years from July 1, 2006 to June 30, 2016 on the following terms and conditions
 - * Lease rental charges of Rs.13,960 per month from July 1, 2006 Onwards.
 - * Lease rental will be enhanced by 10% on the last paid rent for every completed three years.
- Rent income included in Profit and Loss account is Rs.287190 towards operating lease.

Lease rental commitments from Bharathi mobile is as follows:

Lease Rentals	As at March 31,	
	2012	2011
Due with in one year of the balance sheet date	287190	288622

8. Earning Per Share

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit after tax	73,32,923	44,74,414
Weighted average number of equity shares outstanding (In Nos)	30,02,900	30,02,900
Earning Per Share		
- Baisc	2.44	1.49
- Diluted	2.44	1.49

9 Accounting for Taxes on Income

Consequent to the standard on 'Accounting for Taxes on Income' (Accounting Standard - 22) becoming mandatory with effect from 1st April 2001, the company has created Rs.7,36,181/- as deferred tax liability.

Deferred Tax Balance as at 31st March 2012 of Rs. 56,60,760/- is disclosed as liability.

The details are as follows:

Particulars	Amount (In Rs)	
Opening Balance - Liability -1st April 2011	49,24,579	45,17,330
Add / (Less): Liability created (reversed) during the year		
On account of Depreciation	7,36,181	4,14,918
on account of Disallowance U/s 43B & 40(a)(ia)	-	-7,669
Balance deferred tax liability as at 31st March 2012	56,60,760	49,24,579

10 Auditor's Remuneration:

Amount (In Rs)

The breakup of Auditor's remuneration is as follows:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Statutory Audit Fee	85,000	85,000
Tax Audit Fee	40,000	40,000
Vat Audit Fee	15,000	-
Limited review fee	30,000	30,000
Other Services (taxation and company law matters)	18,500	12,500
Out of Pocket Expenses	14,700	15,680
Total	2,03,200	1,83,180

* The above expenses excluding the service tax

11 Contingent Liabilities and Commitments (To the extent not provided for)

Amount (In Rs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	-	-
(b) Guarantees	2,00,000	2,00,000
(c) Other money for which the company is contingently liable	-	-
	2,00,000	2,00,000
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (2,70,000 USD @ Rs.51.0109 / USD)	1,37,72,943	-
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other commitments (specify nature)	-	-
	1,37,72,943	-
Total	1,39,72,943	2,00,000

The following are the guarantees given by the banks to the parties on behalf of the company which are in force as on March 31, 2012.

Name of the Bank	Party to whom the guarantee given	Amount (Rs)
State Bank of Bikaner & Jaipur	Collector of Customs	200000

- 12 a. Based on the information available with the Company, there is no dues to Small Scale Undertaking in excess of Rs.1,00,000/- and outstanding for more than 30 days.
- b. Based on the information available with the Company, there are no suppliers who are registered as Micro, Small or Medium Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2012.
- 13 The balances under Sundry Creditors, Sundry Debtors and Loans and advances are subject to confirmation, reconciliation and adjustment, if any.
- 14 Previous year figures have been reclassified / regrouped wherever necessary to meet the requirement of Revised Schedule VI.

Sunil Agro Foods Limited

Regd. Off: 39/A2, Hosakote Industrial Area, Chokkahalli, Hoskote - 562 114

ATTENDANCE OF SLIP FOR ANNUAL GENERAL MEETING

(Only Shareholder/proxy is allowed to attend the meeting)

(Please fill in this attendance slip and hand it over at entrance of the meeting hall)

Member Folio Number :

No. of Shares held :

Client Id :

DP Id :

Name & Address of the Shareholders (in Block letters)

Name of the Proxy holder (in Block letter).....

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of the Company, being held on Monday, the 3rd September, 2012, at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001, at 10-30 a.m.

.....
Signature of the Member/Proxy

Note: Shareholder/Proxy should bring his/her copy of Annual Report for reference at the meeting.

Sunil Agro Foods Limited

Regd. Off: 39/A2, Hosakote Industrial Area, Chokkahalli, Hoskote - 562 114

PROXY FORM

Member Folio Number :

No. of Shares held :

I/We

of..... in the district of.....

being a member/members of Sunil Agro Foods Limited, hereby appoint.....

..... in the district of failing him/her

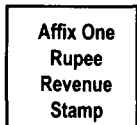
..... of

..... as my/our proxy to attend

for me/us and vote on my/our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held at 10-30 a.m. on Monday, the 3rd September, 2012, and at any adjournment(s) thereof.

Signed this.....day of.....2012

Signature



Note: The Proxy must be lodged, at the Registered Office of the Company, not less than 48 hours before the commencement of the aforesaid meeting. The proxy need not be a member of the Company.

If undelivered, please return to :

SUNIL AGRO FOODS LIMITED

No. 1/104, Ahuja Chambers,

Kumara Krupa Road,

Bangalore - 560 001.